

## INFORMATION REPORT INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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This is UNEVALUATED Information

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1. The Parket Company<sup>1</sup> in Zagreb is a city enterprise engaged mostly in construction work and flooring for various public and private buildings. It is managed by the Zagreb City's People's Committee which appoints the firm's manager. The enterprise employs 40 people, eight or nine of whom are members of the Federation of Communists of Yugoslavia (FCY). The enterprise has a manager; an Administrative Committee, composed of five members; and a Worker's Council. The FCY secretary is at the same time also the secretary of the enterprise and the person in charge of personnel.
2. The budget for the enterprise is set up by the City's People's Committee and the estimated income for 1954 was supposed to reach 18,000,000 dinars. Fifty percent of the income goes to the Federal Government in Belgrade as federal taxes; 70 percent of the remaining 50 percent goes to the city and the Republic of Croatia as city and state taxes. The remainder goes to the investment fund, the reserve fund, the fund for independent expenditures (purchase of spare parts, tools, and other items which do not fall under investment), and the so-called Salary and Wage Fund. Fifty percent for federal taxes is a constant factor in the budgets of every enterprise in Yugoslavia. The amount of money earmarked for various funds in the enterprise is set up by the City Producer's Council, which is a section of the City's People's Committee.<sup>2</sup>
3. Final control of the enterprise is exercised by the bank and is very strict. This is true in the case of all the enterprises existing in the country. There are two kinds of banks: "financial" and "investment" banks. The Parket enterprise is controlled by a "financial" bank. No money can be spent by the enterprise without previous approval from the bank.
4. It is extremely unlikely that an enterprise could make more money than provided by the budget plan prepared by the City Producer's Council because the amount set down by the Producer's Council is always so high

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that it is almost impossible to reach it. In September 1954, the Parket enterprise had an income of 8,000,000 dinars; in order to reach the amount set up by the Producer's Council, it would have had to make 10,000,000 more by 31 December. Although the income increases considerably towards the end of each year because debts are collected at that time and the budgets for the new year are being made, it would have been almost impossible for the enterprise to have an 18,000,000 dinar income by the end of the year. The same situation exists in most of the enterprises in Yugoslavia.

5. The Wage and Salary Fund (platni fond) is divided in the following manner: 45 percent of the money earmarked for this fund goes for social insurance; the rest goes for wages and salaries of the employees and for travel expenses and per diem for those employees who work outside of Zagreb. In the case of the Parket enterprise, approximately 4.5 percent of the overall income was earmarked for this fund. This amount of money was allotted in advance by the Producer's Council of the People's Committee on the basis of the number and the types of employees in the enterprise. <sup>3</sup> In case the enterprise does not make the amount of money set up the budget plan, the Wage and Salary Fund is automatically cut down proportionately to the actual amount of money made. The accounting to this effect takes place at the end of every month. If the Wage and Salary Fund is cut down, the wages and salaries of the employees are cut down proportionately. Since the enterprise usually does not reach the amount of income established by the budget plan, the workers very rarely, if ever, receive 100 percent of their wages and salaries. If the enterprise does not make enough money to pay, for example even 65 percent of an employee's salary, the Government makes up the difference; however, employees seldom receive more than 80 to 90 percent of the amount established as the salary by the budget plan. The amount of money available for salaries can be cut down further by the fact that the manager of the enterprise is free to use the money from the Wage and Salary Fund also for contributions to various FCY funds and communal organizations. According to the law, he is supposed to ask for the advice of the Worker's Council in such cases, but in reality he never does.
6. The manager of the enterprise is always an FCY member and he can manage the enterprise as he wants because his actions are covered by the Party. The concurring opinions of the Worker's Council are only a farce because the Worker's Council is also dominated by the Party and because the Worker's Council's rights exist only on paper. The manager is appointed by the City People's Committee (or by other People's Committees depending on the enterprise), and the City People's Committee is again controlled by the Party. The present control of the enterprise is exercised through the secretary of the Party organization in the enterprise.
7. The Parket Company was originally organized to drive out of business independent artisans who were numerous in this field in the Zagreb area.

1.   Comment: This is probably the Parketar enterprise (preradivacka uslužna zadruga) of Illica 235, Zagreb.

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2.   Comment: In the case of an enterprise run by the district or republic's administration, the amounts of money for the aforementioned funds are set up by district or republic producer's Councils.

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3.   Comment: There are four categories of employees in Yugoslavia: the so-called highly-qualified employees, the qualified employees, the

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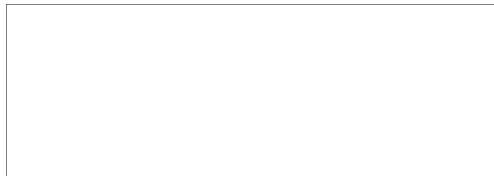
semi-qualified employees, and the non-qualified employees.



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 the Parket enterprise has 11 highly qualified employees, 18 qualified employees, six semi-qualified employees, and five non-qualified employees.

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